



Affordable Homebuild Partnership Program

Eligible Projects

1. Single Family projects must contain a minimum of five (5) units.
2. The units in the development can be contiguous or infill lots, but they must be located within the same zip code of the initial project site.
3. All project(s) must serve a low to moderate income population as determined by HUD.
4. The subject lots must not have any delinquent City or County taxes, and no delinquent or defaulted loans.
5. The funding awarded to project(s) under this program will be disbursed by reimbursement only.
6. All units constructed should be sold to eligible low to moderate income buyers upon completion of the project.
7. The subject property(ies) must not have received HOME funding in the past 20 years.
8. The housing sales price for all single-family units in each project must not exceed \$255,000, 95% of the area median purchase price as determined by the Housing Trust Fund 2019 Homeownership Value Limits Data.
9. All projects designed to be Energy Efficient, meet ENERGY STAR guidelines, Eco build and Green Practices will be given priority within the targeted areas.
10. Strategic Anchor Areas have been implemented by the Memphis 3.0 Plan and are identified as a part of the SCIF process. Priority will be given to applications for projects that are proposed within these Strategic Anchor Areas. Please refer to the referenced Anchor Area maps included in the link below.

https://docs.wixstatic.com/ugd/100a0d_4c40d3f0fa9d45139ad7cbcdad411331.pdf



Guideline Overview

1. HOME Investment Partnership Funds

The Affordable Homeownership & Rental Development Office currently utilize funding from HUD's HOME Investment Partnerships Program (HOME) for eligible rental projects.

The HOME Investments Partnership Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local non-profit groups to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

HOME funds may be used for the following activities:

- Land/property acquisition in conjunction with new construction or rehabilitation of rental properties.
- New construction of rental properties
- Rehabilitation of rental properties
- Relocation as applicable
- Demolition in conjunction with new construction of rental properties

The City must underwrite all HOME projects to ensure that each project is financially sustainable over its affordability period. The underwriting review evaluates cost reasonableness, market demand, developer capacity, and the commitment of other funding sources. (24 CFR 92.250 (b))

HOME funded projects must be completed within four years of commitment. Any projects not completed timely will be terminated and repayment of HOME funds will be required. (24 CFR 92.205 (e))

(2))

A homebuyer unit must have a ratified sales contract within 9 months of construction completion or the unit must either be converted to a HOME rental unit or repay the full HOME investment. (24 CFR 92.254 (a) (3))

Homebuyers must receive housing counseling before receiving HOME assistance (downpayment assistance) or purchasing a HOME-assisted unit. (24 CFR 92.254 (a) (3))



2. Licensing and Business Requirements

The Developer is responsible to comply with all licensing requirements and business regulations whether local, state or federal that apply to the project. It is the responsibility of the project manager to determine the applicability of any rule, regulation or requirement.

3. Property Standards

Housing that is constructed with HOME funds must meet all applicable state and local codes, ordinances, and zoning requirements. HOME-assisted new construction projects must meet state or local residential and building codes, as applicable or in the absence of a state or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The housing must meet the applicable requirements upon completion of the project.

All new construction projects must meet the accessibility requirement of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act, implemented at 28 CFR parts 35 and 36 as applicable.

For homeownership housing, major systems must have a useful life of at least five years upon project completion. (24 CFR 92.251 (b) (ii) and (vii))

4. Affordability

The HOME Investment Partnership Program has set affordability periods that relate to the resale of a property. These periods are based on the amount of HOME funds provided for the property. The monthly housing costs (principal, interest, property taxes and insurance, known as PITI) do not need to meet initial affordability.

The affordability restrictions are enforced by deed restriction and a declaration of restrictive covenants. The affordability period commences upon the sale of the last house constructed in the project.

5. Recapture/Resale

There are two options for controlling the resale of a property during the affordability period, the recapture or resale option. The City of Memphis will choose which option will be used before HOME funds are committed to a project.



Under the recapture option the City of Memphis may recapture all or a portion of the direct HOME subsidy if a homebuyer decides to sell the house within the affordability period at whatever price the market will bear. The HOME buyer may sell the property to a willing buyer. The sale of the property during the affordability period triggers repayment of the direct HOME subsidy that the buyer received when the house was purchased. If there are no net proceeds or insufficient proceeds to recapture the full amount of the HOME investment due, the amount subject to recapture will be limited to what is available from the net proceeds. Net proceeds are defined as the sales price minus superior non-HOME loan repayments and any closing costs.

The resale option ensures that the HOME-assisted property remains affordable over the entire affordability term. The City of Memphis will either “designate an affordable unit,” or use a “presumption of affordability.” If a property is designated affordable and is sold during the affordability period, the new purchaser must be low-income and occupy the property as their principal residence. The presumption of affordability relies on the assumption that a specific neighborhood is affordable and that any sale within that neighborhood will be affordable. A market analysis must be prepared to document the affordability of these homes.

6. Income Eligibility Requirements

To be eligible for HOME funds a potential homebuyer must have low-income, an annual gross income that does not exceed 80% of the median income for the area. The potential homebuyer must also occupy the residence as a principal residence.

7. Additional Federal Requirements

All projects must comply with all U.S. Department of Housing and Urban Development’s (HUD) HOME Investments Partnership Program (HOME) regulations. Information on HOME requirements included in this fact sheet and below provides an overview, however the complete regulations can be found at 24 CFR Part 92.

A. Conflict of Interest (24 CFR Part 92.356)

B. Employment and Contracting

1. Equal Employment Opportunity (Executive Order 11246)
2. Minority, Women and Small Business Enterprise (Executive Orders 11625, 12138, and 12432)
3. Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135)



C. Environmental Review (24 CFR Part 58) No construction, rehabilitation or property acquisition may be undertaken nor funds committed or expended (federal or other) until completion of an environmental review and receipt of a Release of Federal Funds from HUD.

D. Fair Housing and Equal Opportunity

1. Title VI of the Civil Rights Act of 1964, as amended (42 U.S. C. 2000d et seq.)
2. The Fair Housing Act (42 U. S. C. 3601-3620)
3. Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259)
4. Age Discrimination Act of 1975, as amended (42 U.S. C. 6101)
5. Americans with Disabilities Act (42 U.S. C. 12131; 47 U.S.C 155. 201. 218, and 225)
6. Section 504 of the Rehabilitation Act of 1973
7. Violence Against Women Act (VAWA) of 2013

E. Labor Requirements (24 CFR 92.354)

1. Davis-Bacon Act – Every for the construction of housing that includes 12 or more HOME-assisted units must contain a provision requiring the payment of not less than the wages prevailing in the locality, as determined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 3141), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701).
2. Copeland Anti-Kickback Act (40 U.S.C. 276c)
3. Fair Labor Standards Act, as amended (29 U.S.C. 201, et seq.)

F. Lead-Based Paint Requirements (24 CFR part 35, subparts A, B, J, K, M and R)

Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821- 4846) and the Residential Lead Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856).

G. Site and Neighborhood Standards (24 CFR 983.6 (b))



HUD requires its participating jurisdictions, HCD, that administer HOME programs to establish site and neighborhood requirements with respect to new construction of rental housing. Proposed sites for new construction units must comply with the following site and neighborhood standards stated in 24 CFR 986.6 (b).

H. Uniform Relocation Act, if applicable (49 CFR Part 24)

The Uniform Relocation Assistance and Real Property Acquisition Act (URA), is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

- **49 CFR Part 24** is the government-wide regulation that implements the URA.
- **HUD Handbook 1378** provides HUD policy and guidance on implementing the URA and 49 CFR Part 24 for HUD funded programs and projects.

I. Minority, Women and Small Business Enterprise Requirements

The developer will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible. The affirmative steps shall include but shall not be limited to:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
4. Establishing delivery schedules, where the requirements permit, which encourage participation by small and minority business, and women's business enterprises;
5. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and



6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs € (2) (i) through (v) of this section.

J. Section 3 Requirements (24 CFR Part 135)

The purpose of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

8. Written Agreement (24 CFR 92.504c)

The HOME Program regulations requires a written agreement that includes all required provisions for each project. The agreement must be legally binding, signed by all parties to the agreement, and all signatures must be dated. If the signatures of the parties to the agreement have different dates, it is the last dated signature that is the date of execution of the commitment. HUD strongly recommends that the written agreement be a separate document from the finance documents because an agreement which imposes the HOME affordability restrictions must remain in force until the end of the affordability period.